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Finances Québec

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

Volume 9, number 8

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## AS AT DECEMBER 31, 2014

**Highlights for December 2014**

- Budgetary revenue totalled $6.9 billion in December, up $54 million compared to last year. Own-source revenue was $5.5 billion, up $64 million, while federal transfers totalled $1.4 billion, a decrease of $10 million.
- Program spending amounted to $6.7 billion, up $334 million from last year.
- Debt service stood at $684 million, down $14 million compared to last year.
- Taking into account the deposit of $96 million in the Generations Fund, the monthly budgetary balance within the meaning of the *Balanced Budget Act* showed a deficit of $381 million for December 2014.

On the basis of the cumulative results as at December 31, 2014, the budgetary balance within the meaning of the *Balanced Budget Act* was in deficit by $977 million.

**Summary of consolidated budgetary transactions**
(millions of dollars) (Unaudited data)

| | December | | April to December | | | Budget 2015-2016 | |
|---|---|---|---|---|---|---|---|
| | 2013 [1] | 2014 | 2013-2014 [1] | 2014-2015 | Change (%) | 2014-2015 | Forecast growth (%) |
| **Budgetary revenue** | | | | | | | |
| Own-source revenue | 5 468 | 5 532 | 39 421 | 40 319 | 2.3 | 54 339 | 2.1 |
| Federal transfers | 1 411 | 1 401 | 12 400 | 12 526 | 1.0 | 16 832 | 1.8 |
| **Total** | **6 879** | **6 933** | **51 821** | **52 845** | **2.0** | **71 171** | **2.0** |
| **Budgetary expenditure** | | | | | | | |
| Program spending | –6 349 | –6 683 | –47 752 | –48 548 | 1.7 | –65 704 | 2.1 |
| Debt service | –698 | –684 | –6 332 | –6 144 | –3.0 | –8 164 | –3.2 |
| **Total** | **–7 047** | **–7 367** | **–54 084** | **–54 692** | **1.1** | **–73 868** | **1.5** |
| **Consolidated entities**[2] | | | | | | | |
| Non-budget-funded bodies and special funds | 81 | 76 | 794 | 1 015 | — | 426 | — |
| Health and social services and education networks | –34 | –23 | –186 | –145 | — | –79 | — |
| Generations Fund | 78 | 96 | 753 | 847 | — | 1 253 | — |
| **Total** | **125** | **149** | **1 361** | **1 717** | **—** | **1 600** | **—** |
| **Deficit for the purpose of public accounts** | **–43** | **–285** | **–902** | **–130** | **—** | **–1 097** | **—** |
| **Balanced Budget Act** | | | | | | | — |
| Deposits of dedicated revenues in the Generations Fund | –78 | –96 | –753 | –847 | — | –1 253 | — |
| **BUDGETARY BALANCE WITHIN THE MEANING OF THE BALANCED BUDGET ACT** | **–121** | **–381** | **–1 655** | **–977** | **—** | **–2 350** | **—** |

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of all non-budget-funded bodies and special funds.

(2) Details of transactions by type of entity are presented on page 6 of this report.

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

## ❑ Cumulative results as at December 31, 2014

### ■ Budgetary balance

For the period from April to December 2014, the budgetary balance within the meaning of the *Balanced Budget Act* was in deficit by $977 million.

For fiscal 2014-2015 as a whole, the Budget 2015-2016 maintains the forecast of a budgetary balance in deficit by $2.4 billion.

### ■ Budgetary revenue

As at December 31, 2014, budgetary revenue amounted to $52.8 billion, an increase of $1.0 billion, or 2.0%, compared to December 31, 2013.

— Own-source revenue stood at $40.3 billion, up $898 million from the same time last year.

— Federal transfers amounted to $12.5 billion, up $126 million compared to December 31, 2013.

### ■ Budgetary expenditure

Budgetary expenditure as of the beginning of the fiscal year totalled $54.7 billion, an increase of $608 million, or 1.1%, over last year.

— For the period from April to December, program spending rose by $796 million, or 1.7%, reaching $48.5 billion.

  — The most significant changes were an increase in program spending of the Health and Social Services mission ($747 million) and the Education and Culture mission ($216 million), and a decrease in program spending of the Economy and Environment mission ($221 million).

— Debt service amounted to $6.1 billion, a decrease of $188 million, or 3.0%, compared to last year.

## ■ Consolidated entities

As at December 31, 2014, the results of consolidated entities showed a surplus of $1.7 billion. These results included:

— a surplus of $1.0 billion for non-budget-funded bodies and special funds;

— a $145-million deficit for the health and social services and education networks;

— dedicated revenue of $847 million for the Generations Fund.

## ■ Net financial requirements

As at December 31, 2014, consolidated net financial requirements stood at $7.0 billion, a decrease of $608 million compared to last year. Net financial requirements reflect the current budgetary balance as well as the year-over-year change in receipts and disbursements in the course of the government's transactions.

**Consolidated budgetary and financial transactions**
(millions of dollars) (Unaudited data)

| | December | | | April to December | | |
|---|---|---|---|---|---|---|
| | 2013 [1] | 2014 | Change | 2013-2014 [1] | 2014-2015 | Change |
| **Budgetary revenue** | | | | | | |
| Own-source revenue | 5 468 | 5 532 | 64 | 39 421 | 40 319 | 898 |
| Federal transfers | 1 411 | 1 401 | –10 | 12 400 | 12 526 | 126 |
| **Total** | **6 879** | **6 933** | **54** | **51 821** | **52 845** | **1 024** |
| **Budgetary expenditure** | | | | | | |
| Program spending | –6 349 | –6 683 | –334 | –47 752 | –48 548 | –796 |
| Debt service | –698 | –684 | 14 | –6 332 | –6 144 | 188 |
| **Total** | **–7 047** | **–7 367** | **–320** | **–54 084** | **–54 692** | **–608** |
| **Consolidated entities** [2] | | | | | | |
| Non-budget-funded bodies and special funds | 81 | 76 | –5 | 794 | 1 015 | 221 |
| Health and social services and education networks | –34 | –23 | 11 | –186 | –145 | 41 |
| Generations Fund | 78 | 96 | 18 | 753 | 847 | 94 |
| **Total** | **125** | **149** | **24** | **1 361** | **1 717** | **356** |
| **Surplus (Deficit)** | **–43** | **–285** | **–242** | **–902** | **–130** | **772** |
| Consolidated non-budgetary requirements | –2 073 | –1 817 | 256 | –6 721 | –6 885 | –164 |
| **CONSOLIDATED NET FINANCIAL REQUIREMENTS** | **–2 116** | **–2 102** | **14** | **–7 623** | **–7 015** | **608** |

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of all non-budget-funded bodies and special funds.
(2) Details of transactions by type of entity are presented on page 6 of this report.

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

## General fund revenue

(millions of dollars) (Unaudited data)

| Revenue by source | December 2013 | December 2014 | Change (%) | April to December 2013-2014 | April to December 2014-2015 | Change (%) |
|---|---|---|---|---|---|---|
| **Own-source revenue excluding government enterprises** | | | | | | |
| Income and property taxes | | | | | | |
| Personal income tax | 2 268 | 2 544 | 12.2 | 14 767 | 15 221 | 3.1 |
| Contributions to Health Services Fund | 591 | 689 | 16.6 | 5 093 | 5 220 | 2.5 |
| Corporate taxes | 324 | 29 | –91.0 | 1 964 | 1 913 | –2.6 |
| Consumption taxes | 1 462 | 1 638 | 12.0 | 13 069 | 13 467 | 3.0 |
| Other sources | 133 | –17 | –112.8 | 1 232 | 1 255 | 1.9 |
| **Total own-source revenue excluding government enterprises** | **4 778** | **4 883** | **2.2** | **36 125** | **37 076** | **2.6** |
| Revenue from government enterprises | 690 | 649 | –5.9 | 3 296 | 3 243 | –1.6 |
| **Total own-source revenue** | **5 468** | **5 532** | **1.2** | **39 421** | **40 319** | **2.3** |
| **Federal transfers** | | | | | | |
| Equalization | 653 | 773 | 18.4 | 5 875 | 6 964 | 18.5 |
| Health transfers | 444 | 405 (1) | –8.8 | 3 921 | 3 630 (1) | –7.4 (1) |
| Transfers for post-secondary education and other social programs | 126 | 132 | 4.8 | 1 148 | 1 190 | 3.7 |
| Other programs | 101 | 91 | –9.9 | 678 | 742 | 9.4 |
| **Subtotal** | **1 324** | **1 401** | **5.8** | **11 622** | **12 526** | **7.8** |
| Harmonization of the QST with the GST – Compensation | 87 (2) | — | — | 778 (2) | — | — |
| **Total federal transfers** | **1 411** | **1 401** | **–0.7** | **12 400** | **12 526** | **1.0** |
| **BUDGETARY REVENUE** | **6 879** | **6 933** | **0.8** | **51 821** | **52 845** | **2.0** |

(1) In accordance with the policy directions of Budget 2014-2015, tabled on June 4, 2014, $430 million in health transfers was allocated in 2014-2015 to the Fund to Finance Health and Social Services Institutions (FINESSS), a consolidated entity. That allocation is spread over 2014-2015, at $36 million a month, and has already been deducted from the health transfers. Were it not for the allocation, the change would be 0.8% instead of -7.4%.

(2) Revenue from federal compensation for sales tax harmonization is recorded as spending funded by the compensation is recognized. Consequently, the payment of $1 467 million received in that respect in 2013-2014 was spread over 2013-2014 at $86.4 million a month for debt service expenditure and at $36 million a month for FINESSS.

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

**General fund expenditure**
(millions of dollars) **(Unaudited data)**

| Expenditure by mission | December 2013 [1],[2] | December 2014 | December Change (%) | April to December 2013-2014 [1],[2] | April to December 2014-2015 | April to December Change (%) |
|---|---|---|---|---|---|---|
| **Program spending** | | | | | | |
| Health and Social Services | 2 946 | 3 267 | 10.9 | 23 223 | 23 970 | 3.2 |
| Education and Culture | 2 020 | 2 065 | 2.2 | 12 704 | 12 920 | 1.7 |
| Economy and Environment | 513 | 464 | –9.6 | 4 146 | 3 925 | –5.3 |
| Support for individuals and families | 536 | 547 | 2.1 | 4 735 | 4 791 | 1.2 |
| Administration and Justice | 334 | 340 | 1.8 | 2 944 | 2 942 | –0.1 |
| **Total program spending** | **6 349** | **6 683** | **5.3** | **47 752** | **48 548** | **1.7** |
| **Debt service** | **698** | **684** | **–2.0** | **6 332** | **6 144** | **–3.0** |
| **BUDGETARY EXPENDITURE** | **7 047** | **7 367** | **4.5** | **54 084** | **54 692** | **1.1** |

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of all non-budget-funded bodies and special funds.
(2) Certain expenditures were reclassified between missions to take into account the transition to the 2014-2015 budgetary structure as of September 2014.

# MONTHLY REPORT ON FINANCIAL TRANSACTIONS

**Detailed information on the transactions of consolidated entities**
(millions of dollars) (Unaudited data)

| | December 2014 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Special funds | Generations Fund | Specified purpose accounts | Transfers (expenditures) related to the tax system | Non-budget-funded bodies | Health and education networks | (1) | Total | Consolidation adjustments | (2) Total |
| **Revenue** | **884** | **96** | **26** | **475** | **2 059** | **—** | | **3 540** | **–2 206** | **1 334** |
| **Expenditure** | | | | | | | | | | |
| Expenditure | –811 | — | –26 | –475 | –1 806 | –23 | | –3 141 | 2 122 | –1 019 |
| Debt service | –178 | — | — | — | –72 | — | | –250 | 84 | –166 |
| **Total** | **–989** | **—** | **–26** | **–475** | **–1 878** | **–23** | | **–3 391** | **2 206** | **–1 185** |
| **RESULTS** | **–105** | **96** | **—** | **—** | **181** | **–23** | | **149** | **—** | **149** |

| | April to December 2014 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Special funds | Generations Fund | Specified purpose accounts | Transfers (expenditures) related to the tax system | Non-budget-funded bodies | Health and education networks | (1) | Total | Consolidation adjustments | (2) Total |
| **Revenue** | **8 281** | **847** | **727** | **4 503** | **17 283** | **—** | | **31 641** | **–17 370** | **14 271** |
| **Expenditure** | | | | | | | | | | |
| Expenditure | –6 263 | — | –727 | –4 503 | –15 996 | –145 | | –27 634 | 16 561 | –11 073 |
| Debt service | –1 588 | — | — | — | –702 | — | | –2 290 | 809 | –1 481 |
| **Total** | **–7 851** | **—** | **–727** | **–4 503** | **–16 698** | **–145** | | **–29 924** | **17 370** | **–12 554** |
| **RESULTS** | **430** | **847** | **—** | **—** | **585** | **–145** | | **1 717** | **—** | **1 717** |

(1) The results of the networks are presented according to the modified equity accounting method.
(2) Consolidation adjustments include the elimination of program spending from the general fund.

The next monthly report, as at January 31, 2015, will be published on April 24, 2015.

For more information, contact the Direction des Communications of the Ministère des Finances at 418 528-7382.

The report is also available on the Ministère des Finances website: www.finances.gouv.qc.ca.